

AGENDA



Thursday, February 12, 2009

**Treasury Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 22**

Subject: Approve an ordinance authorizing the delivery to the City of an Alternate Letter of Credit for the \$28,000,000 Airport System Variable Rate Revenue Notes, Series A; authorizing the City Manager to negotiate, execute, and deliver a Letter of Credit Reimbursement Agreement with State Street Bank related to the Alternate Letter of Credit; and approving a Remarketing Memorandum.

Amount and Source of Funding: The \$490,000 annual fee is included in the approved operating budget of the Airport Fund.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Art Alfaro, Treasurer, 974-7882

Prior Council Action: On February 6, 2003, and on February 16, 2006 the City Council authorized three-year extensions to the original Letter of Credit and Reimbursement Agreement between the City of Austin and JPMorgan Chase Bank.

On February 5, 1998, Council authorized the issuance of \$28,000,000 City of Austin, Texas, Airport System Variable Rate Revenue Notes, Series A, to complete certain projects at the airport, such as the central plant and telecommunications infrastructure and equipment. The City entered into a Letter of Credit and Reimbursement Agreement (Agreement) with JPMorgan Chase Bank at the time the notes were issued. On February 6, 2003, and on February 16, 2006, Council authorized three-year extensions to the original Agreement. The final extension will expire on February 23, 2009. The City's Financial Advisor, Public Financial Management, recently solicited bids for a replacement Agreement. The lowest bid was submitted by State Street Bank. The 3-year term of the Agreement will extend to February 23, 2012 and the fee will be 175 basis points.